

UKRAINE

The World Bank refers to Ukraine as a lower middle-income country, but with a high economic potential due to specialized work force, access to resources and strategic location. During 2000-2007, Ukraine had a 7% average annual economic growth. However, an incoherent macro-economic policy and an uncontrolled fiscal and monetary regime have left Ukraine exposed to the 2008 economic downturn which has massively affected the country.

The Ukrainian authorities and IMF negotiated a 24-month Stand-By Arrangement (SBA) for USD 16.4 billion (EUR 11.5 billion). This was approved in November 2008. By July 2009, USD 10.6 billion was paid out. In July 2010, Ukraine reached an agreement with the International Monetary Fund for a new \$14.9 billion loan.

In the area of establishment and company law, a law on joint stocks companies entered into force in April 2009. In December 2009 the Government adopted a law on simplifying business conditions in Ukraine. It aims in particular at facilitating the establishment and development of companies by easing the issuance of permits and reducing the quantitative requirements for the statutory capital of limited liability companies.

Ukrainian Railways Ukrzaliznytsia (UZ) is an 100% state-owned company which manages both infrastructure and train operation. It is a centralised company established in 1991, after Ukraine proclaimed its independence from the USSR. The company also holds several facilities for railway equipment manufacturing and overhaul.

A railway reform programme for the period 2010-2015 was approved in December 2009. It foresees three phases: separation of the government's regulatory function from the operational function of the national state-owned railway company; transformation of the same company into a joint-stock company; and division of different market segments.

Ukraine's plans in passenger transport aim at building high-speed lines having as grounds the long distances between important cities. On short-term, Ukraine plans significant improvements in the wake of the 2012 Football Championship hosted in collaboration with Poland.

In 2003, the biggest loan EBRD had ever granted to Ukraine, USD 120 Million, was invested in the

modernisation of railways and was structured on three aspects: carrying on the purchase of maintenance equipments begun with the 2001 loan, purchasing passenger coaches and rebuilding the Beskyd tunnel.

In the railway sector, Ukraine is also negotiating with the World Bank for a bigger loan focused on two directions, one for technical consultancy for reshaping UZ into a joint stock company and the second for rehabilitating line Kharkiv-Poltava-Mykolaiv-Dzhankoy and eventually turn it into a freight-dedicated line. The line connects the north border with Russia to the Black Sea. EBRD will also contribute in the project.

Background figures in railways (2009):

21,678 km length of lines

9,756 km electrified lines

420,029 x 1 000 passengers carried

48,323 x 1 000 000 passenger-km

391,524 x 1 000 tonnes carried

196,189 x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	180.35	113.54
GDP growth (annual %)	2	-15
Exports of goods and services (% of GDP)	42	51
Imports of goods and services (% of GDP)	48	52
Industry, value added (% of GDP)	37	52

Ease of Doing Business Rank 2010

World	rank 142
Eastern Europe & Central Asia	rank 25

